

## Message Text

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ACTION H-03

INFO OCT-01 EUR-08 ISO-00 SS-07 NSC-06 AID-01 /026 W  
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R 121401Z SEP 75

FM AMEMBASSY THE HAGUE  
TO SECSTATE WASHDC 6641  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY LONDON

CONFIDENTIAL THE HAGUE 4639

E.O. 11652: GDS

TAGS: OREP (BLUM, JACK, & SHIELDS, GEOFFREY)  
SUBJECT: STAFFDEL BLUM/SHIELDS

REF: STATE 201608

1 WE HAVE HELD UP REPORTING ON VISIT BY STAFFEDLBLUM  
TO INCLUDE SOME INFORMATION OBTAINED SUBSEQUENT TO BLUM'S  
DEPARTURE. DETAILED MEMORANDA ON HIS CONVERSATIONS WITH  
DUTCH OFFICIALS, DUTCH AND AMERICAN BUSINESSMEN AND  
EMBASSY OFFICERS ARE BEING SENT UNDER COVER  
OF AIRGRAM.

2. SUMMARY: DURING HIS VISIT TO THE HAGUE SEPTEMBER 2-4,  
BLUM MET WITH TWO FIGURES WHOSE NAMES WERE PROMINENTLY  
FEATURED IN PRESS IN CONNECTION WITHF-104  
REPLACEMENT TO NETHERLANDS: DUTCH PARLIAMENTARIAN PIET  
DANKERT, WHO CLAIMS HE RECEIVED OVERTURE FROM DASSAULT,  
AND IOANNES T. GERRITSEN (CLOSE FRIEND OF PRINCE  
BERNHARD), WHO WAS LINKED PUBLICLY WITH UNUSUAL  
PAYMENTS BY NORTHRUP. EMBOFF CALLED ON GERRITSEN AT HIS  
REQUEST SEVERAL DAYS AFTER BLUM LEFT. BECAUSE OF BLUM'S  
INTEREST IN GERRITSEN, WE RECOMMEND THAT DEPARTMENT TELL  
BLUM OF HIS DISCUSSION. END SUMMARY.

3. IN ADDITION TO APPOINTMENTS SCHEDULED EARLIER, WE  
ARRANGED SEVERAL VISITS REQUESTED BY BLUM WHILE IN  
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THE HAGUE SEPTEMBER 2-4. BLUM MET AS PLANNED WITH DCM,  
MAAG CHIEF, ACTING ECONOMIC-COMMERCIAL COUNSELOR, AND (TO DISCUSS PRO  
CUREMENT  
PROCEDURES) AND OFFICIALS VELDE OF FINACE AND VAN DER MAATEN OF

CIVIL AVIATION SERVICE. HE ALSO MET WITH AMBASSADOR, EMBOFFS IN POLITICAL AND ECONOMIC SECTIONS, CONGEN ROTTERDAM OFFICER WHO HANDLED SOME ASPECTS OF EMBASSY LIAISON WITH DUTCH ON F-16 SALE, SECOND CHAMBER MEMBERS A.L. TER BEEK (LABOR PARTY, MEMBER OF FOREIGN AFFAIRS AND DEFENSE COMMITTEE) AND PIETER DANKERT (LABOR PARTY, CHAIRMAN OF FOREIGN RELATIONS COMMITTEE), LOCKHEED REPRESENTATIVE IOHANNES ("HANS") T. GERRITSEN, PRESIDENT OF CHEVRON NEDERLAND AND AMERICAN CHAMBER OF COMMERCE HEAD DANIEL PILIERO, EUROPEAN GENERAL MANAGER FOR CONTINENTAL CARBON COMPANY CHARLES CUNNINGHAM AND MANAGEMENT CONSULTANT CHARLES KOHLINGER.

4. BLUM TOLD HIS SEVERAL LISTENERS THAT SUBCOMMITTEE STAFF HAS SUBSTNANTIAL EVIDENCE OF PAYOFFS TO HIGH OFFICIALS IN NUMBER OF OUNTRIES BY AMERICAN FIRMS. HE SAID HE UNDERSTOOD REASON FOR GRATUITIES TO MINOR OFFICIALDOM IN ORDER TO CONDUCT ROUTINE BUSINESS. WHAT CONCERNED HIM WAS THAT AMOUNT OF MONEY BEING PAID BY CORPORATIONS IN QUESTIONABLE TRANSACTIONS IS NOW MANY MILLIONS OF DOLLARS, A CLEAR SIGN THAT PRACTICE IS OUT OF CONTROL; AND THAT PERSONS RECEIVING MONEY ARE SO HIGHLY PLACED THAT THEY HAVE EVEN INCLUDED A HEAD OF STATE AND A MILITARY CHIEF OF STAFF. IT SEEMED OBVIOUS THAT WHEN MAGNITUDE IS IN MILLIONS ANDPAYEES AT OR NEAR TOP OF GOVERNMENT, PAYMENTS ARE NO LONGER PRIVATE AFFAIR OF CORPORATIONS MAKING THEM BUT ARE LEGITIMATE CAUSE FOR GOVERNMENT INTERVENTION, SINCE POETNEIAL FOR DAMAGE TO US NATIONAL INTERESTS IS GREAT. IN COURSE OF SUBMCOMMITTEE'S CURRENT INVESTIGATION INTO PRACTICES OF MULTINATIONALS, SAID BLUM, LOCKHEED COMPANY HAS ADMITTED TO SPENDING \$202 MILLION IN COMMISSIONS AND KICKBACKS IN ORDER TO SELL ITS L-1011 AND OTHER AIRCRAFT. MOREOVER, ITS EXECUTIVES DEFEND PRACTICE BY SAYING THAT "EVERYBODY DOES IT", AND THAT ONE COULD NOT COMPETE UNLESS ONE CONFIDENTIAL

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DID IT. BLUM SAID THAT HE WANTED TO KNOW WHETHER LOCKHEED IS RIGHT IN ITS ASSERTION AND, IF IT IS, WHAT LEGISLATIVE REMEDIES CONGRESS OUGHT TO CONSIDER. IF IT IS NOT, BLUM SAID, SUBMCOMMITTEE IS DETERMINED "TO NAIL LOCKHEED."

5. AMBASSADOR AGREED WITH BLUM THAT LEGISLATION IS NECESSARY TO STOP ANY SUCH BUSINESS PRACTICES AND MADE SOME SUGGESTIONS ON HOW TO DO IT. HE CAUTIONED BLUM, HOWEVER, THAT MORE SENSITIVE INFORMATION BEING OBTAINED BY SUBCOMMITTEE SHOULD BE KEPT CONFIDENTIAL LEST GREAT DAMAGE BE DONE TO US RELATIONS WITHFOREIGN GOVERNMENTS. BLUM ACCEPTED NEED TO HANDLE CERTAIN

MATTERS WITH CARE.

6. BLUM ASKED TO MEET WITH SECOND CHAMBER MEMBER DANKERT WHEN HE LEARNED THAT HE HAD BEEN OFFERED BRIBE BY DASSAULT. DAKERT FREELY DESCRIBED OFFER OF LAND IN FRANCE AND IMPLIED THAT DASSAULT'S REPRESENTATIVE HAD ACTED WITH KNOWLEDGE OF HIGH OFFICIALS IN COMPANY. BOTH DANKERT AND TER BEEK SAID THAT A MILITARY-INDUSTRIAL COMPLEX AS IT IS KNOWN IN US DOES NOT EXIST IN NETHERLANDS. THEY CLAIMED, HOWEVER, THAT DECISIONS ON MILITARY PURCHASES WERE NOT REALLY MADE AT MINISTERIAL LEVEL OR BY PARLIAMENT BUT BY MILITARY TECHNICIANS AFTER PARLIAMENT HAD BUDGETED FUNDS.

7. PERSON ABOUT WHOM BLUM WAS MOST ANXIOUS TO LEARN SOMETHING WAS LOCKHEED REPRESENTATIVE GERRITSEN, CLOSE FRIEND OF PRINCE BERNHARD. WHEN INFORMATION ABOUT GERRITSEN PROVED INSUFFICIENT, BLUM DECIDED TO SEEK FACE-TO-FACE MEETING. GERRITSEN, WHO WAS LOCATED IN THE HAGUE, AGREED. HE GAVE BLUM SURPRISINGLY CANDID ACCOUNT OF HOW HE USES HIS HIGH-LEVEL CONTACTS FOR COMPANIES HE PRESENTS, DESCRIBED HIS TROUBLES WITH DUTCH TAX AUTHORITIES OVER PAYMENTS NORTHRUP MADE TO HIS FORMER WIFE WHICH HE DID NOT DECLARE AS INCOME, AND EVEN TOLD OF SUBMITTING FRAUDULENT ENTERTAINEMENT VOUCHERS TO ASSURE NORTHRUP AND LOCKHEED THAT HE WAS DOING HIS JOB. BLUM OFFERED GERRITSEN CHANCE TO TESTIFY BEFORE SUBCOMMITTEE OR SUBMIT CONFIDENTIAL

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SWORN STATEMENT BUT TOLD EMBASSY THAT GERRITSEN DID NOT RESPOND.

8. ASKED BY BLUM TO SET UP MEETING WITH LEADING FIGURE IN AMERICAN BUSINESS COMMUNITY, WE CONTACTED CHEVRON CHIEF PILERO, WHO INVITED BLUM, EMBOFFS AND TWO OTHER BUSINESSMEN TO LUNCH. OFF-THE-RECOND DISCUSSION WENT INTO HOW BRIBERY IS WAY OF LIFE IN OTHER COUNTRIES BUT CONSENSUS WAS THAT NETHERLANDS IS "CLEAN".

9. TWO DAYS AFTER BLUM'S DEPARTURE, EMBOFF WAS CALLED BY GERRITSEN AND ASKED TO COME TO HIS OFFICE SEPT 9. GERRITSEN REPEATED MUCH OF WHAT HE HAD TOLD BLUM BUT ADDED THAT DUTCH TAX AUTHORITIES HAVE DROPPED THEIR INVESTIGATION INTO HIS INCOME. HE ALSO SAID THAT HE HS BEEN ASSURED BY JUSTICE MINISTER VAN AGT THAT GOVERNMENT WILL NOT BOTHER HIM REGARDLESS OF WHAT HE HAD DONE. REASON FOR DISCLOSING THIS STARTLING INTERVENTION IS UNCLEAR, JUST AS IS GERRITSEN'S MOTIVE FOR CONTACTING EMBASSY, ONE OTHERPOINT GERRITSEN MADE, HOWEVER, IS THAT HE WOULD BE PLEASED TO MEET WITH

SENATORS ON SUBCOMMITTEE AND TELL THEM ALL HE KNOWS.

10. COMMENT: BLUM MADE FAVORABLE IMPRESSION  
ON ALL THOSE WHO MET HIM. HIS COURTESY, INTELLIGENCE  
AND SERIOUSNESS ABOUT SUBJECT HE WAS INVESTIGATING  
LED PEOPLE TO CONVERSE FREELY. BECAUSE OF HIS INTEREST  
IN GERRITSEN, WE RECOMMEND THAT DEPARTMENT TELL BLUM  
OF GERRITSEN'S SEPT 9 CONVERSATION WITH EMBOFF AND OF  
HIS STATED WILLINGNESS TO SPEAK TO SENATORS ON  
SUBCOMMITTEE.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 26 AUG 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 SEP 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** greeneet  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** ADS  
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**Enclosure:** n/a  
**Executive Order:** 11652 GDS  
**Errors:** n/a  
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**Handling Restrictions:** n/a  
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**Office:** ACTION H  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 4  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** greeneet  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 22 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <22 APR 2003 by BoyleJA>; APPROVED <10 OCT 2003 by greeneet>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** n/a  
**TAGS:** OREP, (BLUM, JACK), (SHIELDS, GEOFFREY)  
**To:** STATE INFO BONN  
BRUSSELS  
LONDON  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006